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ECONOMIC WARFARE WITH JAPAN OR A NEW TREATY?

SUDDENLY and dramatically, the United States on July 26, 1939, gave formal notice for termination of the 1911 Treaty of Commerce and Navigation with Japan. As under the terms of the treaty six months must elapse before this action can take effect, it will terminate on January 25, 1940.

The treaty not only provided most-favored-nation treatment between the signatories but it established the legal basis for the commerce, navigation, property rights, residence, travel, protection of laws and access to courts of the nationals of each party in the territories of the other. The circumstances surrounding the American Government's unexpected action in denouncing the whole of such a sweeping instrument gave clear evidence that it was actuated primarily by political, rather than economic, considerations. Thus it constituted an almost unprecedented action in the field of American policy and was particularly significant in view of Secretary Hull's consistent effort to foster international commerce.

While this action came as a surprise to the general public, both the Administration and Congress had been considering the matter for some time. Only on July 18 Senator Vandenberg had introduced a resolution in the Senate calling for the abrogation of the treaty in order that the United States might "be free to deal with Japan in the formulation of a new treaty and in the protection of American interests as new necessities may require." The Vandenberg resolution was referred to the Foreign Relations Committee, where a resolution by Senator Pittman to forbid the shipment of war supplies to Japan was already under consideration. The action advocated by Senator Pittman would constitute a violation of the Treaty of Commerce, and the Vandenberg resolution was designed to remove the danger of treaty breaking. This seemed particularly appropriate since one of the reasons for American action was Japan's violation of the Nine Power Treaty, to which the United States is a party.

On July 26, the Senate Foreign Relations Committee postponed a decision on the Vandenberg resolution. President Roosevelt acted at once, as he had the authority to do. It seemed to be his opinion that further delay might be taken by Japan as a sign of timidity or of divided counsels between the legislature and the Administration.

The effect abroad of the announcement that the treaty would be terminated was profound. Japan appeared to be deeply shocked, China was jubilant, Great Britain and France heartened, Germany and Italy disturbed, and Russia pleased. In the United States the action received almost universal approval. The Administration naturally based its action on the desire to protect American interests in China and to take some positive step which might persuade the Japanese that depredations against American citizens and American property must cease. The public saw in it a desire to do these things and also indirectly to assist China and to hamper Japanese aggression.

The termination of the treaty seems to indicate that the Administration may favor the Pittman embargo resolution when it comes up in January unless

Japan meanwhile mends her ways. It means that efforts short of force to protect American rights are being made, and that if Japan persists in continuing to flout them, retaliatory action may be expected.

But though Japan was shocked by the action of the American Government, the months which since have passed have brought no evidence that she has altered her program of establishing a "New Order in East Asia" in any important respect. She has redoubled her efforts to try to make the United States "understand" her position, but she has not changed her objectives. If she attains those objectives many observers feel that American interests in China will be destroyed.

The Administration has officially predicated its course solely on a desire to protect these American interests. But in Congress and on the part of the public there has been growing pressure for us to favor China in the Sino-Japanese war. It has manifested itself through the activity of groups which aim to disassociate the United States from Japan's aggression by boycotting Japanese products or by urging an embargo on shipments to her of American supplies, particularly war materials. Others seek to go further by giving outright help to China. The Administration has taken a step in that direction through the loan of \$25,000,000 by the Export-Import Bank for Chinese purchases in the United States. A recent survey conducted by the American Institute of Public Opinion showed that 82 percent of those voting favored imposing an embargo on the sale of war materials to Japan on the expiration of the commercial treaty on January 25.

If the abrogation of the treaty was intended as a threat to Japan, it has not, at this date of writing, proved to be effective. If it was intended as a first step in bringing pressure to halt Japanese depredations in China, then further steps are to be anticipated. Once the treaty expires, these steps can be taken without offending against any international engagement which the United States has made. But whether, if taken, they will restrain Japan, remains to be seen. Measures "short of force" in a world at war look rather puny. Once the gage has been taken up and the issue joined then force to the utmost must be supplied. There is no easy way to gain one's ends against nations engaged in what they regard to be a life-and-death struggle.

Meanwhile it is well to remember that very great changes have occurred in the world since the American action of July 26. War has been declared in Europe. Japan's need for American goods has certainly been increased. According to the *Journal of Commerce*, the value of her imports from Europe in 1938 totalled 376 million yen. Almost half of these came from Germany, while 17 percent came from Britain. Much of these imports will be cut off. Thus one would naturally expect an expansion of our trade with Japan in the months to come if economic considerations alone prevailed.

If Japan really intends to satisfy American demands she obviously would find advantage in proving it as promptly as possible. When Congress meets in January, the Pittman resolution is sure to receive attention. If it is passed by Congress and an embargo is placed on our exports to Japan, she will find herself in a desperate situation. It will be for Congress to decide whether it is to this country's interest to apply this pressure, presuming that Japan does not in the meantime satisfy our desire for security for our citizens in China and an equal opportunity for our commerce in East Asia.

W.H.M.